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US EPA RECORDS CENTER REGION 5



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Washington, D.C. 20530

May 22, 1985

Becky A. Comstock  
Edward J. Schwartzbauer  
Robert Polack  
Carl F. Leshner  
DORSEY & WHITNEY  
2200 First Bank Place East  
Minneapolis, Minnesota 55402

HAND DELIVERED  
on May 23, 1985

RE: U.S.A. et al. v. Reilly Tar & Chemical Corp. et al.  
Civ. File No. 4-80-469

Dear Negotiators:

During the last several weeks, the parties have been actively negotiating settlement of the above-referenced litigation. In accordance with Reilly's wishes, the negotiations in this matter have proceeded on parallel tracks, one involving documents largely being negotiated by the United States, the State and Reilly, and the other involving an agreement between the City of St. Louis Park and Reilly. We believe that we are close to final resolution of the issues related to the United States/State documents, but are not in a position to evaluate the status of the agreement between the City and Reilly.

Throughout the negotiations, we have always stated that the governments consider it their duty to move forward with remedial action at the site even while the litigation is progressing. However, given the apparent success of our negotiations, we delayed within the past few days further work on the remedial investigation, feasibility study and the design and construction of the GAC plant. During negotiations earlier today, we discussed this temporary suspension of work. This letter is written to confirm and reemphasize our statements to you in that regard.

The governments were and remain willing to suspend work on the assumption that an agreement is forthcoming and that Reilly has committed to undertake the construction of the GAC plant. We recognize that Reilly has not completed negotiations with the City, but we cannot indefinitely suspend the RI, FS, GAC work pending such a settlement. Accordingly, we agree to continue to suspend work on the remedial investigation, feasibility study and construction of the GAC plant until May 31, 1985, and are willing to further extend this suspension under the following conditions:

1. SUSPENSION OF GAC WORK

The United States and the State will agree to suspend their work to design and construct GAC if Reilly commits, in writing,

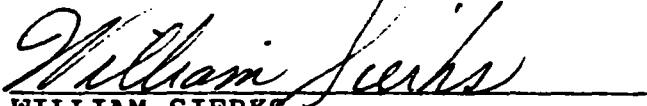
to undertake the GAC work itself. Such a commitment must be unconditional, must be received by the United States and the State by not later than May 30, 1985, and must state that Reilly will complete the design selected by the United States and the State and will construct the GAC plant at St. Louis Park wells 10 and 15 according to a schedule that will insure that operation of the system will commence by October 15, 1985. The commitment must be made regardless of whether Reilly and the City of St. Louis Park reach a settlement agreement before May 31, 1985.

## 2. SUSPENSION OF RI/FS WORK

If Reilly makes the commitment described in paragraph 1, the United States and the State also will agree to suspend their additional RI/FS work at the Reilly site for an additional short period so that the United States, State and Reilly may complete their negotiations regarding the settlement documents.

If we do not receive the above-described commitment from Reilly, we intend to resume contractual work on the remedial investigation, feasibility study and GAC plant. As we told you during our meeting earlier today, once we have resumed such work, any proposed agreements on past costs and Reilly's ability to take over the work in progress will have to be renegotiated. Nonetheless, we remain optimistic that this matter will reach a mutually satisfactory resolution in the near future and continue to be available to meet with you to resolve the issues which remain outstanding.

Very truly yours,



WILLIAM SIERKS

Attorney

Department of Justice

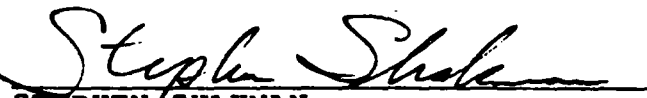


ELIZABETH MAXWELL

Assistant Regional Counsel

Region V

Environmental Protection Agency



STEPHEN SHAKMAN

Special Assistant Attorney General  
State of Minnesota

cc: Judge Paul A. Magnuson  
Special Master Crane Winton  
Wayne G. Popham  
James Brimeyer